

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – OCTOBER 15, 2003**

**PRESENT:** Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Aidan Moore, Chief of Enforcement; Peter Engel, Director of Store Operations; Nicole Horton, Wine Marketing Specialist; Howard Roundy, Director of Information Technology; George Tsiopras, Chief Financial Officer; Al Picconi, United Beverages, Inc.

**EXCUSED:** Richard Gerrish, Spirits Marketing Specialist.

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports:**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending October 12, 2003 shows retail sales were up around 7.9%, on-premise sales were up 12.6%, off-premise sales were up 14.17%, and total aggregate sales were up almost 9.5%. The traffic count increased by 3,114, as did the average sales ticket by \$1.89.

The W-1 Total Weekly Sales Report for the same week confirms total sales were up 9.5% or \$675,423 for the weekly comparison, and were up 9.2% or \$9,573,647 for the year. Wine sales for the week increased by 8.6% or \$281,334, and also increased for the year by 9.76% or \$4,445,558. Sales of spirits were also up 10.22% or \$394,089, as they were year-to-date by almost 8.8% or \$5,128,290.

##### **B. Budget Reports:**

There was nothing of significance to report regarding this week's outstanding depletions and post-offs report.

The gift card program has reached the 15-week mark. Of the cards sold, 90% were redeemed, but only 70% of the total value was redeemed.

Reviewing the current worker's compensation reports, Craig commented that the July figures reflect June activity, August numbers reflect both July and August, and September figures represent that month's activity only. Of all employees listed, ½ of the injuries are due to back problems. Craig stressed the need to pay particular attention to this in developing a program to help reduce injuries. He is currently working with Liberty Mutual on this.

A letter has been submitted to Don Hill at Administrative Services and Governor Benson relative to waivers on requested positions, with a copy to the Commissioners. All vacant positions appear on the list in this letter.

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A Bureau Chiefs meeting will be held tomorrow at 1:30 p.m. in the first floor conference room. Individual bureau heads may invite anyone else they may want to attend.

A meeting is also planned with Vicky Tinsley from the IT office relative to the Enforcement licensing program. Venture funds will be applied for in support of this program.

The W-6 Expense Budget Activity Variance Report for the week ending October 14, 2003 shows the year to be at 29% complete, with total agency expenditures at around 26.7%. Class 50 Personal Services and warehouse expenses continue to be tracked closely.

George said he hopes a draft of the new Annual Report will be ready to be sent to the advertising agency by the end of this week.

Work is being done on a report requested by Administrative Services on all state vehicles which exceeded 12,000 miles by the end of the fiscal year.

Snow removal contracts will be ready for submittal shortly. These will not have to go out to bid, as they are extensions of present contracts. George hopes to have them on the next Governor and Council agenda.

Craig mentioned that the Governor is requesting agencies to turn back monies in order to end the hiring freeze, and that George and his staff need guidance from the Commission. Joe Bouchard at Administrative Services is waiting for whatever the Commission can present regarding this. George explained why his greatest concern is retirement payoffs and why there may not be enough funds to cover this. Because of the law passed regarding health benefits, a great number of employees may choose to retire before June of next year. Commissioner Byrne asked the Bureau Chiefs to come up with a 1 ½% lapse on the budget by next week for Commission review. He recommended asking Joe Bouchard if monies could be transferred back into Class 10 if savings were realized in other areas. It may be necessary to reduce some store hours and move some employees around. Commissioner Russell asked to see the memorandum regarding this and to schedule a meeting tomorrow to discuss further.

2. IT Report

GO has agreed to work on RiTA regarding duplicate debit transactions. Howard expects to see the changes in two to three months.

Howard will contact ACR today to obtain some prices on the stored value card use by the brokers.

Although everything has been relatively quiet, Stores #73 Hampton, #37 Lancaster and #58 Groveton did lose power this morning. IT staff is working on these issues now.

## **II. MARKETING & SALES REPORTS**

### **1. Store Operations:**

#### **a. Veteran's Day – Tuesday, November 11, 2003:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve store hours of operation for Veteran's Day, Tuesday, November 11, 2003, as recommended by Peter Engel, Director of Store Operations. The motion was unanimously adopted.

Retail sales for the week ending 10/12/03 were up 7.4% or \$422,632.18 over the same week last year. There nothing out of the ordinary to note regarding these figures.

There was a meeting yesterday with the City of Keene and Konover. If the Department of Transportation can put the new bridge out to bid by December, they can then construct a temporary one in the spring. This all hinges on the court system. Commissioner Russell remarked that although Keene had lost the money for the highway project, there was still money for three other projects. Building of the new store can't begin until June, but the Commission needs to decide if this can go out to bid. The Commissioner was contacted by the Keene Sentinel asking when the temporary location would be finalized. She voiced concern about cars getting out of the parking lot, and suggested a sign saying "no left turns". Peter said the store will begin the move next Monday.

There will be manager's meeting next Wednesday at the Back Room in Manchester from 10:00 a.m. to 1:00 p.m.

Peter informed the group that Store Supervisor/Manager Michael Lafond has suffered several setbacks since his hospitalization and will be out of work through Veteran's Day.

Gift bags and bows are scheduled to be delivered to the stores next week.

Nicole mentioned that there are two wine tastings coming up in the near future. One will be at the Claremont Opera House this Thursday, and the other is scheduled for the Town and Country Inn in Shelburne for next Thursday.

2. Purchasing Report

A shipment of Finlandia Vodka is expected to arrive some time this week. Problems continue with the supply of this product.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Ice Box Cosmopolitan & Appletini):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/White Rock Distillery for new test market listings for Ice Box Cosmopolitan, 1.75L size (assigned Code #5252) and Ice Box Appletini, 1.75L size (assigned Code #5222), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Three Olives Chocolate & Orange):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/White Rock Distillery for new test market listings for Three Olives Chocolate Vodka, 750ML size (assigned Code #3738) and Three Olives Orange Vodka, 750ML size (assigned Code #3739), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Results (Code #5407):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission grant a specialty listing to Code #5407, Martinis Cosmopolitan, 750ML, which exceeded the required gross profit for such listing at the conclusion of a six-month test market period, to be carried in liquor specialty stores only, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Kuya 50ML Request:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that Commission approve a request from Horizon Beverage Company/Allied

Domecq Spirits USA, for the Commission to make a special purchase of Kuya Spiced Rum, 50ML size, to be distributed to stores during January 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Captain Morgan Store Appearances:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America to schedule in-store promotions featuring Captain Morgan, accompanied by two assistants, in selected stores on November 21, December 5, December 12 and December 19, 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) December Special Offers:

a. 2 items – M.S. Walker, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that this item be tabled pending further review by the Marketing Department. The motion was unanimously adopted.

b. 38 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions of thirty-eight (38) spirit items, to be featured on sale during December 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 147 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of one hundred and forty-seven (147) spirit items, to be featured on sale during December 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 24 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of twenty-four (24) spirit items, to be featured on sale during December 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**B. WINES:**

- 1) Special Offers for December 2003:

- a. 1 item – R.P. Imports:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from R.P. Imports, based upon depletions of one (1) wine item, to be featured on sale during December 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 7 items – Charles Saunders/Wineberries:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Charles Saunders/Wineberries, Ltd., based upon depletions of seven (7) wine items, to be featured on sale during December 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 8 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of eight (8) wine items, to be featured on sale during December 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 24 items – Pine State Trading Co./E & J Gallo Winery:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Co./E & J Gallo Winery, based upon depletions of twenty-four (24) wine items, to be featured on sale during December 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) “R” Wines for Allocation to Licensees (4 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that Commission approve four (4) “R” wine codes for allocation to licensees selected by the broker, and retail distribution, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Primary Source Submissions (2 items – primary source; 23 items – exclusive agent; 8 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of two (2) wine codes which are from primary source, twenty-three (23) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and eight (8) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) Other:

Referring to the report on Bordeaux tracking, Commissioner Byrne asked why some of the listed products were not moving as fast as the others. Nicole felt this was due to customer preference and unfamiliarity with these particular chateaus. She suggested that the broker be encouraged to lower prices on the items and conduct in-store tastings.

**III. ENFORCEMENT & LICENSING REPORTS - None.**

**IV. CHAIRMAN’S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated October 9 through October 15, 2003. The motion was unanimously adopted.

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2. Coupon Approvals: None.
3. Late Items: None.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

/D. Hartford



